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Informazione Regolamentata n. 0525-68-2022	Data/Ora Ricezione 26 Ottobre 2022 12:42:48	Euronext Star Milan
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Societa' : AMPLIFON

Identificativo : 168567

Informazione
Regolamentata

Nome utilizzatore : AMPLIFONN01 - Galli

Tipologia : REGEM

Data/Ora Ricezione : 26 Ottobre 2022 12:42:48

Data/Ora Inizio : 26 Ottobre 2022 12:45:11

Diffusione presunta

Oggetto : Revenue up +12%, thanks to a strong organic growth, and outstanding profitability expansion in the Third Quarter of 2022

Testo del comunicato

Vedi allegato.

REVENUES UP +12%, THANKS TO A STRONG ORGANIC GROWTH, AND OUTSTANDING PROFITABILITY EXPANSION IN THE THIRD QUARTER OF 2022

REVENUES AT OVER 1.5 BILLION EUROS (+11.6%) AND RECURRING NET PROFIT AT 120 MILLION EUROS (+13.7%) IN THE NINE MONTHS

STRONG INCREASE IN REVENUES IN THE QUARTER, DRIVEN BY A SOLID AND ABOVE-MARKET ORGANIC GROWTH, DESPITE AN EXCEPTIONALLY CHALLENGING COMPARISON BASE (+19% IN THE THIRD QUARTER 2021 COMPARED TO THE THIRD QUARTER 2019)

SIGNIFICANT PROFITABILITY STEP-UP WITH THE RECURRING EBITDA MARGIN UP 50 BASIS POINTS COMPARED TO THE THIRD QUARTER OF 2021, THANKS TO TIMELY AND EFFECTIVE COST MANAGEMENT MEASURES AND AFTER SIGNIFICANT INVESTMENTS IN THE BUSINESS

SOLID CASH GENERATION WITH FREE CASH FLOW OF 143.0 MILLION EUROS IN THE FIRST NINE MONTHS OF THE YEAR AND A NET FINANCIAL POSITION AT 882.1 MILLION EUROS AFTER INVESTMENTS OF AROUND 230 MILLION EUROS IN CAPEX, M&A, SHARE BUYBACKS AND DIVIDENDS

THE COMPANY EXPECTS FY 2022 GROWING WITH REVENUES IN THE REGION OF 2,150 MILLION EUROS AND EBITDA RECURRING MARGIN IN THE REGION OF 25%

MAIN RESULTS FOR THE THIRD QUARTER OF 2022¹

- Consolidated **revenues** reached 502.5 million euros, an increase at current exchange rates of 12.1% and of 8.5% at constant exchange rates compared to the third quarter of 2021
- Recurring **EBITDA** was 109.4 million euros, an increase of 14.6% compared to the same period of 2021, with the margin rising 50 basis points to 21.8%
- Recurring **net profit** was 29.7 million euros, 12.1% higher than in the same period of 2021

MAIN RESULTS FOR THE FIRST NINE MONTHS OF 2022¹

- Consolidated **revenues** reached 1,539.7 million euros, an increase at current exchange rates of 11.6% and of 9.0% at constant exchange rates compared to the first nine months of 2021
- Recurring **EBITDA** was 369.5 million euros, an increase of 13.3% compared to the first nine months of 2021, with the margin rising 40 basis points to 24.0% compared to the same period of 2021 thanks to timely and effective cost containment measures, even after significant investments in the business
- Recurring **net profit** was 119.6 million euros, 13.7% higher than in the first nine months of 2021
- **Free cash flow** came to 143.0 million euros, a decrease mainly due to higher investments compared to the exceptional 160.9 million euros reported in the first nine months of 2021
- **Net financial debt** was 882.1 million euros, largely unchanged compared to the 871.2 million euros posted at December 31st, 2021, after Capex of 75.4 million euros, net cash-out for M&A of 52.2 million euros, dividends of 58.2 million euros and share buyback of 42.9 million euros, with financial leverage down to 1.61x at September 30th, 2022

¹ Unless stated otherwise, the comments in this press release refer to the recurring income statement figures. In addition, in light of the wind-down of Elite's wholesale business in the United States, completed in the fourth quarter of 2021, and in accordance with IFRS 5, the income statement figures for the third quarter and the first nine months of 2021 were restated excluding Elite's discontinued business through the line "Profit (Loss) from Continuing Operations".

Milan, October 26th, 2022 – Today the Board of Directors of Amplifon S.p.A. (EXM; Bloomberg ticker: AMP IM), global leader in hearing solutions and services, approved the Interim Financial Report as at September 30th, 2022 during a meeting chaired by Susan Carol Holland.

ENRICO VITA, CEO

“The results for the third quarter and the first nine months of 2022 once again show our ability to grow more than the reference market and across all the core geographic areas, strengthening Amplifon’s global leadership in hearing care solutions and services.

We have today an ideal positioning in terms of market share, service quality, innovation capabilities and expertise allowing us to successfully compete in an uncertain macroeconomic and geopolitical environment as the current one and to continue to grow and generate value for our stakeholders”.

THIRD QUARTER 2022 ECONOMIC RESULTS

(Euro millions)	Q3 2022				Q3 2021				Change% on recurring
	Recurring	Non Recurring	Total	% on recurring	Recurring	Non Recurring	Total	% on recurring	
Net revenues	502.5	-	502.5	100.0%	448.1	-	448.1	100.0%	12.1%
EBITDA	109.4	(0.7)	108.8	21.8%	95.5	(1.2)	94.3	21.3%	14.6%
EBIT	49.1	(0.7)	48.4	9.8%	42.9	(2.8)	40.1	9.5%	14.3%
Net income	29.7	(0.5)	29.2	5.9%	26.5	(2.9)	23.6	5.9%	12.1%
EPS adjusted (*), in Euro)	0.172				0.144				19.4%

(*) EPS adjusted (adjusted net earnings per share) for non-recurring expenses and the amortization of the intangible assets as per the Purchase Price Allocation accounting treatment.

Consolidated revenues amounted to 502.5 million euros in the third quarter of 2022, an increase of 12.1% at current exchange rates and of 8.5% at constant exchange rates compared to the third quarter of 2021. This performance, well above the reference market, is attributable for 3.5% to organic growth and for 5.0% to acquisitions. The foreign exchange effect was positive for 3.6%. This result was achieved despite an extremely challenging comparison base, as exceptional revenue growth (+19%) was posted in the third quarter of 2021 compared to the same period of 2019. Moreover, this result was also achieved despite the anticipated contraction of the French market (second largest worldwide) following its strong growth in 2021 due to the hearing healthcare reform, the persistent effects of the pandemic in Asia Pacific in July through mid-August and the intense heat wave recorded in Europe in the same period.

In the third quarter revenues in **Europe, the Middle East and Africa (EMEA)** were higher than in the same period of 2021, despite the decline in the French market, and profitability showed an outstanding improvement; **AMERICAS** recorded excellent revenue growth, driven by double-digit organic growth, well above the reference market, despite the extremely challenging comparison with the third quarter of 2021; **Asia Pacific (APAC)** reported an excellent performance, fueled by strong organic growth and the contribution of Bay Audio in Australia, despite the impact of high Covid infection rates in July through mid-August mainly in Australia and New Zealand.

Recurring **EBITDA** was 109.4 million euros, an increase of 14.6% compared to the third quarter of 2021. The recurring margin came in at 21.8%, 50 basis points higher than in the third quarter of 2021. This improvement in profitability was achieved thanks to the timely and effective cost management measures, even after significant investments in the business. EBITDA as reported came to 108.8 million euros after non-recurring expenses of 0.7 million euros.

Recurring **EBIT** came in at 49.1 million euros, 14.3% higher than the 42.9 million euros recorded in the third quarter of 2021, with a margin of 9.8%. This increase is attributable to the significant improvement in EBITDA, which was partially offset by higher depreciation and amortization related to network expansion, innovation, and IT infrastructure, as well as the impact of amortization recognized for acquisitions (including Bay Audio) in accordance with the Purchase Price Allocation accounting treatment. EBIT as reported came to 48.4 million euros.

Recurring **net profit** reached 29.7 million euros, 12.1% higher than the 26.5 million euros recorded in the third quarter of 2021. Net profit as reported, which reflects 0.5 million euros non-recurring expenses, amounted to 29.2 million euros. The tax rate was 27.1%, slightly lower than in the same period of 2021. The adjusted earnings per share (EPS

adjusted) reached 17.2 euro cents, an increase of 19.4% compared to the 14.4 euro cents reported in the third quarter of 2021.

ECONOMIC RESULTS FOR THE FIRST NINE MONTHS OF 2022

(Euro millions)	9M 2022				9M 2021				Change% on recurring
	Recurring	Non Recurring	Total	% on recurring	Recurring	Non Recurring	Total	% on recurring	
Net revenues	1,539.7	-	1,539.7	100.0%	1,379.9	-	1,379.9	100.0%	11.6%
EBITDA	369.5	(5.7)	363.8	24.0%	326.2	(5.4)	320.7	23.6%	13.3%
EBIT	191.3	(5.7)	185.6	12.4%	166.8	(7.1)	159.7	12.1%	14.6%
Net income	119.6	(4.1)	115.5	7.8%	105.1	(4.4)	100.7	7.6%	13.7%
EPS adjusted (* in Euro)	0.650				0.564				15.3%
Free cash flow		143.0				160.9			-11.2%
		09/30/2022				12/31/2021			Change %
Net Financial Indebtedness		882.1				871.2			1.2%

(*) EPS adjusted (adjusted net earnings per share) for non-recurring expenses and the amortization of the intangible assets as per the Purchase Price Allocation accounting treatment.

Consolidated revenues amounted to 1,539.7 million euros in the first nine months of 2022, an increase of 11.6% at current exchange rates and of 9.0% at constant exchange rates compared to the first nine months of 2021. The performance was driven for 4.1% by an above market organic growth and for 4.9% by acquisitions, mainly related to Bay Audio. The foreign exchange effect was positive for 2.6%, due primarily to the strengthening of the US dollar against the Euro.

Recurring **EBITDA** was 369.5 million euros, an increase of 13.3% compared to the first nine months of 2021. The recurring margin came in at 24.0%, 40 basis points higher than in the first nine months of 2021 due to effective cost management. EBITDA as reported came to 363.8 million euros, after non-recurring expenses of 5.7 million euros.

Recurring **EBIT** reached 191.3 million euros, an increase of 14.6% compared to the 166.8 million euros recorded in the first nine months of 2021, with the margin on revenues at 12.4%. EBIT as reported was 185.6 million euros.

Recurring **net profit** came in at 119.6 million euros, 13.7% higher than the 105.1 million euros recorded in the first nine months of 2021, thanks to a better operating performance and despite higher financial expenses, even though almost all debt is at fixed rate. In fact, while the first nine months of 2021 benefitted from a gain following the disposal of the Irish subsidiary, the same period of 2022 was affected by the negative impact of inflation accounting on the Argentinian subsidiary, the negative effect of the change to the fair value of the Gaes acquisition financing facility which led to an income of 4.6 million euros in December 2021 and the higher interest rates applicable to leases. Net profit as reported was 115.5 million euros, with a tax rate of 27.7%, which was lower than the 28.0% reported in the same period of the prior year. The adjusted net earnings per share (EPS adjusted) came in at 65.0 euro cents, an increase of 15.3% from the 56.4 euro cents reported in the first nine months of 2021.

PERFORMANCE BY GEOGRAPHIC AREA

EMEA: Positive organic growth, despite the anticipated exceptionally high comparison base in France and the temporary heat wave in Europe, and excellent profitability expansion

(Euro millions)	Q3 2022	Q3 2021	Δ% 22/21
Revenues	314.6	310.2	+1.4%
Organic growth			+0.2%
Acquisitions			+0.7%
FX			+0.5%
EBITDA recurring	82.0	79.1	+3.7%
<i>Margin %</i>	26.1%	25.5%	+60 bps

Revenues in **EMEA** were higher, at constant and current exchange rates, compared to the third quarter of 2021 despite an extremely challenging comparison base as revenues were up roughly 15% in the third quarter of 2021 compared to the same pre-pandemic period of 2019, and the heat wave that affected Europe from July through mid-August. Organic growth was positive in all the core markets except for France where revenues were affected by the expected decline in the French market due to the significant structural growth posted in 2021 for the regulatory reform.

Profitability was outstanding with the recurring EBITDA margin coming in at 26.1%, 60 basis points higher than the same period of 2021, thanks to strong operating efficiency, as well as timely and effective cost management.

AMERICAS: Another outstanding and well above market performance, driven by double-digit organic growth against an exceptional third quarter 2021

(Euro millions)	Q3 2022	Q3 2021	Δ% 22/21
Revenues	101.3	79.7	+27.1%
Organic growth			+11.8%
Acquisitions			+2.5%
FX			+12.8%
EBITDA recurring	24.9	20.1	+23.9%
<i>Margin %</i>	24.6%	25.2%	-60 bps

Another outstanding revenue performance in Americas driven by an organic growth of 11.8%, despite an exceptionally challenging comparison base as in the third quarter of 2021 revenues were more than 46% higher than in the pre-pandemic period of 2019. Excellent, well above market performance was recorded in the **United States**, thanks to significant share gains, driven by Miracle-Ear and, in particular, by its Direct Retail business. An outstanding organic performance was also recorded in **Latin America**. The bolt-on acquisitions in the **United States** and **Canada** contributed for 2.5%, while the foreign exchange effect was positive for 12.8% due to the strong strengthening of the US dollar against the Euro.

EBITDA was 24.9 million euros, an increase of 23.9% compared to the same period of 2021, with the margin coming in at 24.6% after significant investments in the business.

ASIA-PACIFIC: Excellent revenue performance, driven by organic growth, accelerating throughout the quarter, and Bay Audio contribution

(Euro millions)	Q3 2022	Q3 2021	Δ% 22/21
Revenues	86.5	58.2	+48.5%
Organic growth			+9.9%
Acquisitions			+30.7%
FX			+7.9%
EBITDA recurring	22.8	15.7	+45.1%
<i>Margin %</i>	<i>26.4%</i>	<i>27.0%</i>	<i>-60 bps</i>

ASIA-PACIFIC reported excellent revenue growth of 40.6% at constant exchange rates, fueled by organic growth of around 10%, despite the still high Covid infection rates in July through mid-August mainly in Australia and New Zealand, and the significant contribution of M&A attributable mainly to Bay Audio.

EBITDA amounted to 22.8 million euros, an increase of 45.1% compared to the same period of 2021. The EBITDA margin came to 26.4%, lower than in the third quarter of 2021 due to the significant investments in marketing mainly in Australia, but showing a more muted decrease compared to the previous quarters.

BALANCE SHEET FIGURES AS AT SEPTEMBER 30TH, 2022

The balance sheet and financial indicators continue to confirm the Group's solidity and ability to sustain future growth opportunities. In the first nine months of 2022 the Company generated a free cash flow of 143.0 million euros and net financial debt came to 882.1 million euros.

Total net equity amounted to 1,025.4 million euros at September 30th, 2022, higher than the 927.3 million euros recorded at December 31st, 2021.

Operating cash flow, before payment of lease liabilities, reached 298.5 million euros. The payment of lease liabilities, equal to 80.1 million euros, brought the operating cash flow to 218.3 million euros, largely unchanged compared to the 219.4 million euros recorded in the first nine months of 2021. After higher investments (net of disposals) which amounted to 75.4 million euros versus 58.4 million euros in the first nine months of 2021, free cash flow came to 143.0 million euros, lower than the exceptionally high 160.9 million euros reported in the first nine months of 2021. The net cash-out for acquisitions (52.2 million euros versus 63.5 million euros in the first nine months of 2021), as well as the payment of dividends (58.2 million euros) and outlays for the share buyback program (42.9 million euros), bring the cash flow for the reporting period to negative 10.1 million euros versus positive 18.8 million euros in the first nine months of 2021.

Net financial debt came to 882.1 million euros, largely unchanged compared to 871.2 million euros at December 31st, 2021, with financial leverage decreasing compared to December 31st, 2021 to 1.61x.

OUTLOOK

The company ended the first nine months of 2022 with very strong results, despite an extremely challenging comparison base and a global macroeconomic environment characterized by volatility and uncertainty constantly increasing.

Looking into the fourth quarter of 2022:

- The global macroeconomic environment is not expected to improve;
- The Company is expected to grow organically faster than the reference market;
- The M&A contribution to revenues is solely related to bolt-on acquisitions (please note that the Bay Audio was consolidated from October 1st, 2021).

In light of the above and with regards to what previously communicated², with the end of the year approaching, the Company expects FY 2022 growing compared to 2021, and in particular:

- Revenues in the region of 2,150 million euros³;
- EBITDA recurring margin in the region of 25%.

In addition, the company confirms it is ideally positioned to further strengthen its global leadership in any possible scenario.

These expectations for 2022 do not include any further global economic activity slowdown due to, among others, the well-known geopolitical, inflation and pandemic related issues.

ASSIGNMENT OF BENEFICIARIES OF THE STOCK GRANT PLAN 2019-2025

In accordance with the above-mentioned plan, the Board of Directors resolved to assign on October 26th, 2022 97,100 shares, at target, relative to the second tranche of the stock grant cycle 2022-2024 as recommended by the Remuneration and Appointments Committee, pursuant to Art. 84 bis, par. 5, of Consob Regulation n. 11971/99, as amended.

The information regarding the beneficiaries and the respective rights assigned will be reported in the table prepared in accordance with the indications provided in Table n. I, Form 7 of Annex 3A of Regulation n. 11971/1999, along with the characteristics already disclosed in the Information Document, which will be made available within the time period required by law at the Company's registered office and published on the Company's website <https://corporate.amplifon.com>.

The Information Document relating to the new Stock Grant Plan 2019-2025, which contains all the detailed information required by current law, was made available to the public in the same manner.

The Company announces that the Interim Financial Report as of September 30th, 2022 will be made available to the public from November 7th, 2022 at the Company's registered office, on the Company's website <https://corporate.amplifon.com> and on the authorized storage system eMarket STORAGE (www.emarketstorage.com).

The results for the Q3 2022 will be presented to the financial community today at 15:00 (CET) during a conference call and audiowebcast. To participate in the conference call dial one of the following numbers: +44 1 212818004 (UK), +1 718 7058796 (USA), +33 170918704 (France) or +39 02 802 09 11 (Italy); or access the audiowebcast directly through the following link:

<https://event.choruscall.com/mediaframe/webcast.html?webcastid=eOwhOqJP>

Prior to the beginning of the conference call, starting from 14:30 CET, a presentation will be made available in the Investors section (Presentations) of the website: <https://corporate.amplifon.com>. Those who are unable to attend the conference call may access a recording which will be available immediately after the call until 24:00 (CET) of October 29th, 2022, by dialing the following number: +39 02 802 0987 (Italy), access code: 914# - guest code: 700914#; or, if the recording is no longer available, by accessing the webpage:

<https://corporate.amplifon.com/en/investors/financial-calendar/results-presentation-q3-2022>

In compliance with paragraph 2 of Article 154 bis of the "Uniform Financial Services Act" (Legislative Decree 58/1998), the Manager charged with preparing the Company's financial reports, Gabriele Galli, declares that the accounting information reported in the present press release corresponds to the underlying documentary reports, books of account and accounting entries.

Any differences in the totals reported in the tables in this press release may be due to rounding.

² See press release of March 3rd, 2022

³ Main FX assumptions for FY 2022: EUR/USD at 1.04 and EUR/AUD at 1.51

This press release contains forward-looking statements. These statements are based on the Company's current expectations and projections about future events and, by their nature, are subject to inherent risks and uncertainties. They relate to events and depend on circumstances that may or may not occur or exist in the future, and, as such, undue reliance should not be placed on them. Actual results may differ materially from those expressed in such statements as a result of a variety of factors, including: continued volatility and further deterioration of capital and financial markets, changes in general macro-economic conditions, economic growth and other changes in business conditions, changes in laws and regulations (both in Italy and abroad), and many other factors, most of which are outside of the Company's control.

About Amplifon

Amplifon, global leader in the hearing care retail market, empowers people to rediscover all the emotions of sound. Amplifon's around 18,600 people worldwide strive every day to understand the unique needs of every customer, delivering exclusive, innovative and highly personalized products and services, to ensure everyone the very best solution and an outstanding experience. The Group, with annual revenues of around 2 billion euros, operates through a network of over 9,200 points of sale in 25 Countries and 5 continents. More information about the Group is available at: <https://corporate.amplifon.com>.

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CONSOLIDATED NET REVENUES BY GEOGRAPHIC AREA – FIRST NINE MONTHS 2022 VS FIRST NINE MONTHS 2021

(€ thousands)	First nine months 2022	%	First nine months 2021	%	Change	Change %	Exchange diff.	Change % in local currency	Organic growth % (*)
Total EMEA	1,019,254	66.2%	984,146	71.3%	35,108	3.6%	4,460	3.1%	2.4%
Total Americas	282,043	18.3%	224,259	16.3%	57,784	25.8%	23,681	15.2%	12.6%
Total APAC	237,986	15.5%	171,467	12.4%	66,519	38.8%	8,321	34.0%	2.3%
Corporate and intercompany elimination	412	0.0%	-	-	412	-	-	-	-
Total	1,539,695	100.0%	1,379,872	100.0%	159,823	11.6%	36,462	9.0%	4.1%

(*) Organic growth is calculated as sum of same store growth and openings.

CONSOLIDATED NET REVENUES BY GEOGRAPHIC AREA – Q3 2022 VS Q3 2021

(€ thousands)	Q3 2022	%	Q3 2021	%	Change	Change %	Exchange diff.	Change % in local currency	Organic growth % (*)
Total EMEA	314,605	62.6%	310,192	69.2%	4,413	1.4%	1,560	0.9%	0.2%
Total Americas	101,254	20.2%	79,667	17.8%	21,587	27.1%	10,168	14.3%	11.8%
Total APAC	86,493	17.2%	58,227	13.0%	28,266	48.5%	4,612	40.6%	9.9%
Corporate and intercompany elimination	137	0.0%	-	-	137	-	-	-	-
Total	502,489	100.0%	448,086	100.0%	54,403	12.1%	16,340	8.5%	3.5%

(*) Organic growth is calculated as sum of same store growth and openings.

CONSOLIDATED SEGMENT INFORMATION – FIRST NINE MONTHS 2022 VS FIRST NINE MONTHS 2021

(€ thousands)	First nine months 2022					First nine months 2021				
	EMEA	Americas	Asia Pacific	Corporate (*)	Total	EMEA	Americas	Asia Pacific	Corporate (*)	Total
Net Revenues	1,019,254	282,043	237,986	412	1,539,695	984,146	224,259	171,467	-	1,379,872
EBITDA	289,847	73,456	60,016	(59,470)	363,849	270,934	57,995	49,383	(57,564)	320,748
% on sales	28.4%	26.0%	25.2%	-3.9%	23.6%	27.5%	25.9%	28.8%	-4.2%	23.2%
Recurring EBITDA	291,873	73,456	62,671	(58,470)	369,530	274,416	57,995	49,383	(55,598)	326,196
% on sales	28.6%	26.0%	26.3%	-3.8%	24.0%	27.9%	25.9%	28.8%	-4.0%	23.6%
EBIT	180,357	56,626	23,813	(75,225)	185,571	159,772	42,959	26,312	(69,365)	159,678
% on sales	17.7%	20.1%	10.0%	-4.9%	12.1%	16.2%	19.2%	15.3%	-5.0%	11.6%

(*) The impact of the centralized costs is calculated as a percentage of the Group's total sales.

CONSOLIDATED SEGMENT INFORMATION – Q3 2022 VS Q3 2021

(€ thousands)	Q3 2022					Q3 2021				
	EMEA	Americas	Asia Pacific	Corporate (*)	Total	EMEA	Americas	Asia Pacific	Corporate (*)	Total
Net Revenues	314,605	101,254	86,493	137	502,489	310,192	79,667	58,227	-	448,086
EBITDA	81,676	24,910	22,495	(20,319)	108,762	78,499	20,097	15,717	(20,014)	94,299
% on sales	26.0%	24.6%	26.0%	-4.0%	21.6%	25.3%	25.2%	27.0%	-4.5%	21.0%
Recurring EBITDA	82,020	24,910	22,803	(20,319)	109,414	79,118	20,097	15,717	(19,477)	95,455
% on sales	26.1%	24.6%	26.4%	-4.0%	21.8%	25.5%	25.2%	27.0%	-4.3%	21.3%
EBIT	45,067	18,884	10,252	(25,799)	48,404	41,539	15,446	7,386	(24,293)	40,078
% on sales	14.3%	18.7%	11.9%	-5.1%	9.6%	13.4%	19.4%	12.7%	-5.4%	8.9%

(*) The impact of the centralized costs is calculated as a percentage of the Group's total sales.

CONSOLIDATED INCOME STATEMENT – FIRST NINE MONTHS 2022 VS FIRST NINE MONTHS 2021

(€ thousands)	First nine months 2022				First nine months 2021				Change % on recurring
	Recurring	Non-recurring	Total	% on recurring	Recurring	Non-recurring	Total	% on recurring	
Revenues from sales and services	1,539,695	-	1,539,695	100.0%	1,379,872	-	1,379,872	100.0%	11.6%
Operating costs	(1,175,114)	(5,630)	(1,180,744)	-76.3%	(1,057,374)	(5,183)	(1,062,557)	-76.7%	-11.1%
Other income and costs	4,949	(51)	4,898	0.3%	3,698	(265)	3,433	0.3%	33.8%
Gross operating profit (EBITDA)	369,530	(5,681)	363,849	24.0%	326,196	(5,448)	320,748	23.6%	13.3%
Depreciation, amortization and impairment of non-current assets	(62,026)	-	(62,026)	-4.0%	(56,269)	(1,693)	(57,962)	-4.2%	-10.2%
Right-of-use depreciation	(81,057)	-	(81,057)	-5.3%	(71,196)	-	(71,196)	-5.2%	-13.9%
Operating result before the amortization and impairment of PPA related assets (EBITA)	226,447	(5,681)	220,766	14.7%	198,731	(7,141)	191,590	14.2%	13.9%
PPA related depreciation, amortization and impairment	(35,195)	-	(35,195)	-2.3%	(31,912)	-	(31,912)	-2.1%	-10.3%
Operating profit (EBIT)	191,252	(5,681)	185,571	12.4%	166,819	(7,141)	159,678	12.1%	14.6%
Income, expenses, valuation and adjustments of financial assets	323	-	323	0.0%	931	-	931	0.1%	-65.3%
Net financial expenses	(23,983)	-	(23,983)	-1.6%	(21,801)	-	(21,801)	-1.6%	-10.0%
Exchange differences and non-hedge accounting instruments	(1,912)	-	(1,912)	0.0%	38	-	38	0.0%	-5131.6%
Profit (loss) before tax	165,680	(5,681)	159,999	10.8%	145,987	(7,141)	138,846	10.6%	13.5%
Tax	(45,877)	1,588	(44,289)	-3.0%	(40,826)	1,882	(38,944)	-3.0%	-12.4%
Profit (loss) from continuing operations	119,803	(4,093)	115,710	7.8%	105,161	(5,259)	99,902	7.6%	13.9%
Profit (loss) from discontinued operations	-	-	-	0.0%	-	873	873	0.0%	-
Net profit (loss)	119,803	(4,093)	115,710	7.8%	105,161	(4,386)	100,775	7.6%	13.9%
Profit (loss) of minority interests	226	-	226	0.0%	32	-	32	0.0%	606.3%
Net profit (loss) attributable to the Group	119,577	(4,093)	115,484	7.8%	105,129	(4,386)	100,743	7.6%	13.7%

CONSOLIDATED INCOME STATEMENT – Q3 2022 VS Q3 2021

(€ thousands)	Q3 2022				Q3 2021				Change % on recurring
	Recurring	Non-recurring	Total	% on recurring	Recurring	Non-recurring	Total	% on recurring	
Revenues from sales and services	502,489	-	502,489	100.0%	448,086	-	448,086	100.0%	12.1%
Operating costs	(394,350)	(652)	(395,002)	-78.5%	(353,096)	(1,027)	(354,123)	-78.8%	-11.7%
Other income and costs	1,275	-	1,275	0.3%	465	(129)	336	0.1%	174.2%
Gross operating profit (EBITDA)	109,414	(652)	108,762	21.8%	95,455	(1,156)	94,299	21.3%	14.6%
Depreciation, amortization and impairment of non-current assets	(21,015)	-	(21,015)	-4.2%	(17,334)	(1,693)	(19,027)	-3.8%	-21.2%
Right-of-use depreciation	(27,383)	-	(27,383)	-5.4%	(24,499)	-	(24,499)	-5.5%	-11.8%
Operating result before the amortization and impairment of PPA related assets (EBITA)	61,016	(652)	60,364	12.2%	53,622	(2,849)	50,773	12.0%	13.8%
PPA related depreciation, amortization and impairment	(11,960)	-	(11,960)	-2.4%	(10,695)	-	(10,695)	-2.5%	-11.8%
Operating profit (EBIT)	49,056	(652)	48,404	9.8%	42,927	(2,849)	40,078	9.5%	14.3%
Income, expenses, valuation and adjustments of financial assets	56	-	56	0.0%	102	-	102	0.0%	-45.1%
Net financial expenses	(7,960)	-	(7,960)	-1.5%	(7,312)	-	(7,312)	-1.6%	-8.9%
Exchange differences and non-hedge accounting instruments	(368)	-	(368)	-0.1%	720	-	720	0.2%	-151.1%
Profit (loss) before tax	40,784	(652)	40,132	8.2%	36,437	(2,849)	33,588	8.1%	11.9%
Tax	(11,061)	177	(10,884)	-2.3%	(9,916)	773	(9,143)	-2.2%	-11.5%
Profit (loss) from continuing operations	29,723	(475)	29,248	5.9%	26,521	(2,076)	24,445	5.9%	12.1%
Profit (loss) from discontinued operations	-	-	-	0.0%	-	(845)	(845)	0.0%	-
Net profit (loss)	29,723	(475)	29,248	5.9%	26,521	(2,921)	23,600	5.9%	12.1%
Profit (loss) of minority interests	-	-	-	0.0%	1	-	1	0.0%	-100.0%
Net profit (loss) attributable to the Group	29,723	(475)	29,248	5.9%	26,520	(2,921)	23,599	5.9%	12.1%

NON-RECURRING ITEMS – FIRST NINE MONTHS 2022

(€ thousands)	First nine months 2022	First nine months 2021
GAES integration costs	(2,026)	(3,196)
Charitable donation costs	(1,000)	-
Bay Audio acquisition and integration costs	(2,655)	(456)
Amplifon S.p.A. restructuring costs	-	(1,796)
Impact of the non-recurring items on EBITDA	(5,681)	(5,448)
Impact of the non-recurring items on EBIT	(5,681)	(7,141)
Impact of the non-recurring items on profit before tax	(5,681)	(7,141)
Impact of the above items on the tax burden for the period	1,588	1,882
Impact of the non-recurring items on net profit from continuing operations	(4,093)	(5,259)
Profit (loss) from discontinued operations	-	873
Impact of the non-recurring items on net profit	(4,093)	(4,386)

NON-RECURRING ITEMS – Q3 2022

(€ thousands)	Q3 2022	Q3 2021
GAES integration costs	(344)	(530)
Charitable donation costs	-	-
Bay Audio acquisition and integration costs	(308)	(456)
Amplifon S.p.A. restructuring costs	-	(170)
Impact of the non-recurring items on EBITDA	(652)	(1,156)
Impact of the non-recurring items on EBIT	(652)	(2,849)
Impact of the non-recurring items on profit before tax	(652)	(2,849)
Impact of the above items on the tax burden for the period	177	773
Impact of the non-recurring items on net profit from continuing operations	475	(2,076)
Profit (loss) from discontinued operations	-	(845)
Impact of the non-recurring items on net profit	475	(2,921)

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(€ thousands)	09/30/2022	12/31/2021	Change
Goodwill	1,769,010	1,681,470	87,540
Customer lists, non-compete agreements, trademarks and location rights	273,145	284,592	(11,447)
Software, licenses, other int.ass., wip and advances	143,811	129,938	13,873
Tangible assets	196,542	186,845	9,697
Right of use assets	454,893	437,377	17,516
Fixed financial assets	7,200	11,923	(4,723)
Other non-current financial assets	42,225	40,436	1,789
Total fixed assets	2,886,826	2,772,581	114,245
Inventories	70,150	62,570	7,580
Trade receivables	176,885	168,680	8,205
Other receivables	80,819	96,761	(15,942)
Current assets (A)	327,854	328,011	(157)
Total assets	3,214,680	3,100,592	114,088
Trade payables	(283,085)	(242,507)	(40,578)
Other payables	(357,614)	(377,394)	19,780
Provisions for risks (current portion)	(1,797)	(3,282)	1,485
Short term liabilities (B)	(642,496)	(623,183)	(19,313)
Working capital (A) – (B)	(314,642)	(295,172)	(19,470)
Derivative instruments	20,294	(3,447)	23,741
Deferred tax assets	104,052	85,185	18,867
Deferred tax liabilities	(123,062)	(105,191)	(17,871)
Provisions for risks (non-current portion)	(20,019)	(29,079)	9,060
Employee benefits (non-current portion)	(11,317)	(20,763)	9,446
Loan fees	5,642	7,017	(1,375)
Other long-term payables	(168,734)	(160,733)	(8,001)
NET INVESTED CAPITAL	2,379,040	2,250,398	128,642
Shareholders' equity	1,023,171	925,178	97,993
Third parties' equity	2,267	2,103	164
Net equity	1,025,438	927,281	98,157
Long term net financial debt	903,031	1,023,780	(120,749)
Short term net financial debt	(20,966)	(152,594)	131,628
Total net financial debt	882,065	871,186	10,879
Lease liabilities	471,537	451,931	19,606
Total lease liabilities & net financial debt	1,353,602	1,323,117	30,485
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL DEBT	2,379,040	2,250,398	128,642

CONSOLIDATED NET FINANCIAL DEBT MATURITY PROFILE

(Euro millions)	2022	2023	2024	2025	2026 & beyond	Total
Private placement	-	(46.6)	-	(38.8)	-	(85.4)
Eurobond	-	-	-	-	(350.0)	(350.0)
Bank loans	(39.8)	(116.8)	(225.0)	(122.1)	(105.0)	(608.7)
Financing for GAES acquisition	-	-	-	-	-	-
Bank accounts	(27.3)	-	-	-	-	(27.3)
Other	(2.7)	(21.4)	(1.8)	(2.7)	-	(28.6)
Short term investments	49.4	-	-	-	-	49.4
Cash and cash equivalents	168.5	-	-	-	-	168.5
Total	148.1	(184.8)	(226.8)	(163.6)	(455.0)	(882.1)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(€ thousands)	First nine months 2022 (*)	First nine months 2021 (**)
EBIT	185,571	160,324
Amortization, depreciation and write-downs	178,278	161,085
Provisions, other non-monetary items and gain/losses from disposals	15,826	12,727
Net financial expenses	(22,842)	(19,531)
Taxes paid	(33,048)	(42,825)
Changes in net working capital	(25,329)	16,911
Cash flow provided by (used in) operating activities before repayment of lease liabilities	298,456	288,691
Repayment of lease liabilities	(80,125)	(69,326)
Cash flow provided by (used in) operating activities (A)	218,331	219,365
Cash flow provided by (used in) operating investing activities (B)	(75,363)	(58,424)
Free Cash Flow (A) + (B)	142,968	160,941
Net cash flow provided by (used in) acquisitions (C)	(52,243)	(67,204)
(Purchase) sale of other investment, securities and business units (D)	-	3,753
Cash flow provided by (used in) investing activities (B+C+D)	(127,606)	(121,875)
Cash flow provided by (used in) operating activities and investing activities	90,725	97,490
Dividends	(58,237)	(49,356)
Treasury shares	(42,872)	(31,085)
Capital increases, third parties' contributions and dividends paid by subsidiaries to third parties	(608)	440
Hedging instruments and other changes in non-current assets	904	1,303
Net cash flow from the period	(10,088)	18,792
Net financial indebtedness as of period opening date	(871,186)	(633,665)
Effect of exchange rate fluctuations on financial position	(791)	(1,918)
Effect of discontinued operations on net financial indebtedness	-	(52)
Change in net financial position	(10,088)	18,792
Net financial indebtedness as of period closing date	(882,065)	(616,843)

(*) Cash flow is negatively impacted by non-recurring items for Euro 4,629 thousand.

(**) Cash flow is negatively impacted by non-recurring items for Euro 5,112 thousand.

Fine Comunicato n.0525-68

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